

Explanation of Terms

NOTE: Utilization data include subunits of a hospital such as skilled nursing, long-term care, rehabilitation and psychiatric. Utilization excludes routine newborn care. The mother and routine newborn are presented as a single patient.

Commercial Third-Party Payors: Commercial insurers encompass all indemnity and managed care health insurance plans, including Blue Cross and Blue Shield plans, and hospital and health care system plans. Does not include government-funded programs.

Discharges: The total inpatient discharges that occurred during the fiscal year.

Net Patient Revenue (NPR): Net patient revenue reflects revenue for patient care only and does not include revenue from other operations such as the cafeteria, parking, rent, research and educational activities. Revenue from those operations is included in total operating revenue. NPR may include retroactive adjustments from third-party payors for care provided during a different fiscal year.

Other Third-Party Payors: Third-party payors other than health insurance companies and managed care organizations. These include direct payments by employers or associations, auto insurance, workers compensation, and government programs (other than Medicare and Medical Assistance).

Operating Income: The amount by which total operating revenue exceeds total operating expenses.

$$(\text{total operating revenue} - \text{total operating expenses})$$

Operating Margin: The ratio of operating income to total operating revenue. This measure places operating income in perspective with the volume of business realized by the hospital.

$$(\text{operating income} / \text{total operating revenue})$$

Outpatient Visits: The number of visits to the individual outpatient units of the hospital during the fiscal year. Outpatient visits do not reflect visits made by hospital staff to patients' homes.

Patient Days: Each day a patient stays in an inpatient facility is considered a patient day.

Three-year Average Change in Net Patient Revenue (NPR) or Total Operating Expenses (TOE): The average annual change in the hospital's NPR or TOE that occurred from the end of FY99 through FY02.

$$(((\text{NPR}_{02} - \text{NPR}_{99}) / \text{NPR}_{99}) / 3) \text{ or } (((\text{TOE}_{02} - \text{TOE}_{99}) / \text{TOE}_{99}) / 3)$$

Three-year Average Total Margin: The average total margin realized by the hospital during FY00 through FY02.

$$(\Sigma \text{ revenue over expenses}_{02,01,00} / \Sigma \text{ total revenue}_{02,01,00})$$

Total Net Income (Revenue over Expenses): Total net income reflects the sum of operating income and non-operating income. Total income may also include an extraordinary item such as the gain or loss from the sale of securities.

For the for-profit hospitals, total net income is net of a *pro rata* share of income taxes, gains and expenses incurred by the parent corporation.

Total Margin: The ratio of total income to total revenue. This measure puts income from all sources in perspective with all revenues received by a hospital.

$$(\text{revenue over expenses} / \text{total revenue})$$

Total Operating Expenses (TOE): All costs associated with operating the entire facility such as salaries, professional fees, supplies, depreciation, interest, insurance, and bad debts. The acquisition of durable equipment and other property are not considered expenses and are reflected on the hospital's balance sheet as assets. However, the cost to finance equipment (interest), as well as the depreciation, operation and maintenance costs of capital equipment, are operating expenses.

Total Operating Revenue (TOR): All revenues allocated by the hospital to meet operating expenses. Includes revenue sources such as net patient revenue, investment income, contributions, and revenue from other operations (e.g., cafeteria, parking, rent, research and educational activities). Individual hospitals may also allocate investment income, contributions, etc., as non-operating income.

Total Revenue: Operating revenue plus non-operating income. The non-operating income component typically includes unrestricted contributions and investment income.

Uncompensated Care to NPR: This is the ratio of uncompensated care (charity care and bad debt) to net patient revenue. This measure puts the foregone revenue resulting from the care a hospital provides without compensation in perspective with net patient revenue. Charity care is the care a hospital provides without charge because the patient is unable to compensate the hospital through third-party coverage or the patient's own resources. Bad debt expense represents the foregone revenue for care in which the hospital initially anticipated payment and extended credit to the patient, but was later determined to be uncollectable. Annual charity care amounts that are reported by hospitals as charges or costs have been adjusted to a revenue (NPR) basis.

$$(\text{foregone revenue of charity care} + \text{bad debt}) / \text{NPR}$$

Non-Compliant Hospitals

The following hospitals were not in compliance with one or more of PHC4's filing requirements (audited financial statements or the financial data form) at the filing deadline.

No Submission

St Francis New Castle (closed 10/31/02 and was acquired by Jameson Health System, Inc. on 11/1/02; merged into Jameson Memorial Hospital on 11/1/02)

St Francis/Cranberry (closed 10/31/02; licensed and reopened as of 11/1/02 under UPMC Passavant – Cranberry)

St Francis MC (closed 10/31/02)

Late Submission

Aliquippa Community
Berwick
Bloomsburg
Brookville
Brownsville General
Bucktail
Butler Memorial
Carlisle Regional MC
Centre Community Hosp
Charles Cole Memorial
Clarion
Ellwood City
Frankford
Gnaden Huetten Memorial
Good Samaritan/Lebanon
Hospital Fox Chase Cancer
Jennersville Regional
Lock Haven
Marian Community
Medical College PA
Metro Health Center
Monsour
Philipsburg Area
Reading
St Joseph's/Philadelphia
Temple East
UPMC Passavant
Windber

Hospitals with Fiscal Year-End other than 6/30/02

Ashland Regional 12/31/2001
Barnes Kasson County 9/30/2001
Berwick..... 12/31/2001
Bon Secours Holy Family 8/31/2001
Brandywine 12/31/2001
Carlisle Regional MC 9/30/2001
Central Montgomery 12/31/2001
Community Lancaster 9/30/2001
Easton 12/31/2001
Elkins Park 5/31/2002
Graduate 5/31/2002
Hahnemann University 5/31/2002
Hazleton General 12/31/2001
Hazleton St Joseph 12/31/2001
Jennersville Regional 12/31/2001
Lancaster Regional 9/30/2001
Medical College PA 5/31/2002
Mercy Community 12/31/2001
Mercy Fitzgerald 12/31/2001
Mercy Philadelphia 12/31/2001
Mercy Pittsburgh 12/31/2001
Mercy Providence 12/31/2001
Mercy Suburban 12/31/2001
Mercy/Scranton 12/31/2001
Mercy/Wilkes-Barre 12/31/2001
Montrose General 12/31/2001
Nazareth 12/31/2001
Parkview 5/31/2002
St Agnes 12/31/2001
St Christopher's Children 5/31/2002
St Mary 12/31/2001
Union City Memorial 11/30/2001
Warminster 5/31/2002



**Pennsylvania Health Care
Cost Containment Council**

Marc P. Volavka, Executive Director
225 Market Street, Suite 400
Harrisburg, PA 17101
Phone: 717-232-6787
Fax: 717-232-3821

Web site: www.phc4.org

For More Information

Additional financial and utilization data for Fiscal Year 2002 and prior years may be purchased.
For more information, contact PHC4's Data Requests Unit.

The information contained in this report and other PHC4 publications
are available on our Web site www.phc4.org.

DATA REQUESTS

Application



Pennsylvania Health Care Cost Containment Council
225 Market Street, Suite 400
Harrisburg, PA 17101
(717) 232-6787 -- fax (717) 232-3821
<http://www.phc4.org>

Rev 09/03

Notice: Any failure to disclose information as requested in this application or misrepresentation or omission as to intent will be grounds, at a minimum, for refusal of your request.

GENERAL INFORMATION:

RQ# _____

Name _____ Title _____
 Organization _____
 Address _____

 Phone Number _____ Fax _____
 E-Mail Address _____

PURPOSE OF REQUEST: – Please state the purpose of this request in the lines below. Explain in detail how you will use the data or report. Failure to complete this portion of the Application will result in its return, which will delay the processing of your request. (Please attach additional sheets as needed.)

1. Will you be reselling the data or analysis in any form? ☐ Yes ☐ No
 2. Will you use the data for consulting purposes? ☐ Yes ☐ No
 3. Will you be conducting research with the data? ☐ Yes ☐ No
 Are you receiving grant funding for this project? ☐ Yes ☐ No

If yes, please provide name of sponsor(s) or funding organization:

4. Will you be publishing the data in hard copy or electronic format? (If yes, please see "5" in attached Confidentiality and Data Use Agreement for additional requirements.) ☐ Yes ☐ No

5. Will you be using the data for litigation or in any way to take legal action based on your findings from the use of the data? ☐ Yes ☐ No

6. Will a 3rd party (Contractor/Subcontractor) be working with the data? ☐ Yes ☐ No

If Yes, please provide the following information:

Name of 3rd Party: _____ Title _____
 Organization: _____
 Street Address: _____
 City, State, Zip: _____
 Telephone: _____ Fax: _____
 E-Mail: _____

If more than one third party will be involved, please attach information on separate sheet.

Each contractor/subcontractor is required to sign the attached Confidentiality and Data Use Agreement.

TYPE OF REQUEST (Standard OR Custom) :

STANDARD Standard data requests are available on CD-Rom in ASCII Flat Text only.

Check the type(s) of data

☐ INPATIENT DISCHARGE DATA

☐ AMBULATORY PROCEDURES DATA

Check the type(s) of data to be provided

☐ Standard Data Set (Statewide, Regional, or single facility data sets.)

☐ Standard Market Share Report (available only as a paper report).

☐ Revenue Code Detail Data Set

☐ CABG Surgery Data Set

☐ Financial Data Set

CUSTOM

Customized requests are typically subsets of the above standard data sets, extracted or analyzed based on client criteria (describe on next Page under Scope of Request) and presented based on client formatting specifications (selected below). There is a **\$75 non-refundable** application fee for all **customized data sets and customized reports**, which will be applied towards the total cost. You **must** submit a check for the full \$75 with this application if you are requesting customized information. Failure to include a check will delay your request.

Check the type(s) of data

☐ INPATIENT DISCHARGE DATA

☐ AMBULATORY PROCEDURES DATA

Type of Customization:

☐ Custom Data Set

☐ Custom Report

Customized Data Set/Report Output Specifications:

Check Media Type: ☐ CD-ROM ☐ DISKETTE (up to 2 MB) ☐ Paper Report

Check type of Customized Output Format (Custom Requests only):

☐ MS ACCESS (.mdb) Specify Version: _____

☐ MS EXCEL (.xls) Specify version: _____

☐ ASCII (.txt) Check one type below:

☐ DBASE (.dbf) Specify version: _____

_____ FLAT TEXT

☐ SAS (.sd2, .sas7bdat) Specify version _____

_____ COMMA DELIMITED

☐ OTHER: _____

Contact Data Requests staff for feasibility and approval.

DEFINE THE SCOPE OF THE REQUEST:

In the space below (or on an attached list), please specify the exact criteria for the data set or report. Please be as specific as possible and include geographic scope (by regions or zip codes), clinical scope (MDCs, DRGs, ICD-9 codes, or combination), and/or hospital scope (bed size, type, or names). Please attach additional sheets as needed.

Examples:

1. All discharges of patients from NJ hospitalized in PA.
2. Inpatient discharges with DRGs 103 & 127 from Tioga and Potter Counties.
3. All data for Region 8.

Year(s) of data requested: _____

Scope: _____

Confidentiality and Data Use Agreement

This agreement is made on the _____ day of _____, year _____ by and between the Pennsylvania Health Care Cost Containment Council ("PHC4") and _____ (the "Applicant" for data).

This agreement sets forth the terms and conditions pursuant to Act 89 as amended by Act 2003-14 for applying for and receiving data from PHC4.

The Parties agree as follows:

1. CONFIDENTIALITY

- A. All applicants, contractors, and subcontractors, are prohibited from releasing data which a) could reasonably be expected to reveal the identity of an individual patient, b) does not simultaneously disclose payment, as well as provider quality and provider service effectiveness, c) could reasonably be expected to reveal the identity of any purchaser, d) relate actual payments to any identified provider made by any purchaser, e) disclose discounts or differentials between payments accepted by providers for their billed charges obtained by identified payers from identified providers.
- B. Applicants, contractors, or subcontractors of the data are prohibited from using the data to attempt to identify an individual. Using the data for the purpose of disciplining, discharging, or penalizing an employee of the Applicant is also prohibited.
- C. Applicants, contractors, or subcontractors handling PHC4 data shall use appropriate safeguards to prevent use or disclosure of data other than as permitted by this agreement.
- D. Any linkage to other data sets is prohibited without notification of and consent of PHC4.

2. CONTRACTORS AND SUB-CONTRACTORS (THIRD PARTIES)

- A. Applicant shall ensure that any contractors or subcontractors, to whom it provides PHC4 data, agree to the same restrictions and conditions that apply to the Applicant with respect to such information. Upon request, the Applicant shall provide PHC4 with a copy of the contract binding any contractors or subcontractors to maintain applicable conditions and restrictions on the use of PHC4 data.
- B. All data supplied to a third party for use in this project must be returned to the original Applicant upon completion of the project.
- C. If PHC4 data are linked to other data sets and if a contractor or subcontractor does the linking, the PHC4 data shall be returned to the Applicant following the linking of these data.

3. DUPLICATION OF DATA

No copies of data sets that include PHC4 data (including linked data sets) will be made or distributed without consent of both the Applicant and the Pennsylvania Health Care Cost Containment Council.

4. USE OF DATA

The Applicant, contractors, and subcontractors shall not use or further disclose PHC4 data other than for purposes specifically identified on this application. Prior, written consent from PHC4 must be obtained to use the data for reasons other than the Applicant's originally stated purpose. Any unauthorized use will be subject to the Penalties of Section 10 of Act 89, as amended by 2003-14.

5. RESALE, RELEASE, AND PUBLISHING OF DATA OR ANALYSIS

- A. The Applicant, contractors, and subcontractors shall not resell or release the data provided by PHC4 or the resulting analyses, nor shall they resell or release software products containing the data or resulting analyses without prior consent from the Applicant and the Pennsylvania Health Care Cost Containment Council.

- B. Applicants are prohibited from publishing data or results without the express written consent of and under the terms and conditions developed and approved by the Council. Patient-level or unaltered data as received by the applicant may not be published. If the Applicant is granted approval by PHC4 to publish via print or electronic methods, the analysis resulting from the use of PHC4 data, the following statement must be included in such publication or any other release of the data:

"The Pennsylvania Health Care Cost Containment Council (PHC4) is an independent state agency responsible for addressing the problem of escalating health costs, ensuring the quality of health care, and increasing access to health care for all citizens regardless of ability to pay. PHC4 has provided data to this entity in an effort to further PHC4's mission of educating the public and containing health care costs in Pennsylvania.

PHC4, its agents and staff, have made no representation, guarantee, or warranty, express or implied, that the data -- financial, patient, payor, and physician specific information -- provided to this entity, are error-free, or that the use of the data will avoid differences of opinion or interpretation.

This analysis was not prepared by PHC4. This analysis was done by [Entity Name]. PHC4, its agents and staff, bear no responsibility or liability for the results of the analysis, which are solely the opinion of this entity."

A copy of any published materials or study results shall be made available to the Pennsylvania Health Care Cost Containment Council upon request.

- C. If the Applicant is approved by PHC4 to publish analysis via the Internet, a listing of all domain names and URLs owned by the purchaser must be provided to PHC4. PHC4 has the right to seek immediate legal relief for any violations for unauthorized posting of data on Web sites.

6. DISCLOSURE REQUIRED BY LAW

No person may release PHC4 data in response to a Subpoena or Court Order without immediate, written notification to PHC4 of such potential release. PHC4 reserves the right to respond and intervene in order to ensure the protection of Section 10 of Act 89 as amended by Act 2003-14.

7. REPORT OF BREACH

The Applicant, contractors, or subcontractors must provide PHC4 with immediate written notice if it becomes aware of any violations of the understandings herein or of any related violations.

8. HOLD HARMLESS

Applicant agrees to indemnify, defend and hold harmless PHC4, its directors, officers, agents, and employees against all claims, demands, or causes of action that may arise from Applicants employees, agents, or independent contractors improper disclosure of the data and from any intentional or negligent acts or omissions. Indemnification would include payment to PHC4 of reasonable attorney's fees for counsel to be selected by PHC4.

9. TERMINATION

- A. Original Applicant must destroy all data or copies of data upon termination of this agreement.
- B. This Agreement shall terminate when work related directly to the purpose specifically provided on the attached application has been completed. Applicant must notify PHC4 in writing of the completion of the project.
- C. This agreement may be terminated by PHC4 upon 30 days prior written notice to Applicant.
- D. PHC4 may terminate this Agreement immediately upon written notice to the Applicant if PHC4 determines that the Applicant has breached or violated a material term of this Agreement.

10. DISCLAIMER

The Pennsylvania Health Care Cost Containment Council's database contains statewide hospital discharge data. Every reasonable effort has been made to ensure the accuracy of the information obtained from the Uniform Claims and Billing Form (UB-82/92) data elements. Computer collection edits and validation edits provide opportunity for staff to correct financial, patient, payor and physician specific errors that may have occurred prior to, during or after submission of data. The ultimate responsibility for data accuracy lies with individual providers.

The Pennsylvania Health Care Cost Containment Council, agents and staff make no representation, guarantee, or warranty, expressed or implied, that the data -- including financial, patient, payor and physician specific information -- are error-free, or that the use of this data will prevent differences of opinion or disputes with those who use published reports or purchased data. The Pennsylvania Health Care Cost Containment Council will bear no responsibility or liability for the results or consequences of its use.

By signing this application, I am attesting that I have read the above disclaimer and agree to its content. I understand that the Pennsylvania Health Care Cost Containment Council will not be held liable for the results or consequences of using Pennsylvania Health Care Cost Containment Council data. I am also attesting that the specifications and purpose I have provided on the above form are true and complete and will satisfy my needs for this request. I will not utilize the data for any other purposes than stated above unless I have notified and received prior approval from the Council.

11. PURCHASER STATEMENT OF EMPLOYEE NOTIFICATION (Applies to Health Care Purchasers Only)

All Applicants who are Purchasers as defined by Act 89 of 1986 must carefully read and sign the statement below. A Purchaser as defined by Act 89 (as amended by Act 14 of 2003) is "All corporations, labor organizations and other entities that purchase benefits which provide covered services for their employees or members, either through a health care insurer or by means of a self-funded program of benefits, and a certified bargaining representative that represents a group or groups of employees for whom employers purchase a program of benefits which provide covered services, but excluding entities defined in this Act as "health care insurers."

I understand that notice will be given to my employees that information has been requested on the health care services, which they, or dependents that are covered under the purchaser's health care insurance, have received. I agree to post this notice in a prominent location where other similar employee notices are posted. I also understand that I am prohibited from using the data to attempt to identify an individual or to use the data for purposes of disciplining, discharging or penalizing an employee.

12. PENALTIES

Penalties for non-compliance are described in Act 89 as amended by Act 2003-14, Section 10.

As an Applicant, contractor, or subcontractor of the Pennsylvania Health Care Cost Containment Council data, I have read and understand the above terms and conditions associated with access to PA Health Care Cost Containment Council data. All statements entered in this application are true, complete, and correct to the best of my knowledge and belief. Further, I agree to abide by any restrictions noted in this application. As an Applicant, I agree to pay such reasonable charges, as the Pennsylvania Health Care Cost Containment Council shall deem sufficient to cover the costs of providing such data to me, within ten days of receipt of an invoice.

IN WITNESS WHEREOF, the parties have executed this Confidentiality and Data Use Agreement the day and year first written above.

Signatures are required by any person involved in the project that will be analyzing PHC4 data, including contractors and subcontractors.

Project Director's Signature & Date

Signature & Date

Printed Name

Printed Name

Organization

Organization

Signature & Date

Signature & Date

Printed Name

Printed Name

Organization

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DATA REQUESTS

Application



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Rev 09/03

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GENERAL INFORMATION:

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Name _____ Title _____

Organization _____

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Phone Number _____ Fax _____

E-Mail Address _____

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3. Will you be conducting research with the data? ☐ Yes ☐ No

Are you receiving grant funding for this project? ☐ Yes ☐ No

If yes, please provide name of sponsor(s) or funding organization:

4. Will you be publishing the data in hard copy or electronic format? (If yes, please see "5" in attached Confidentiality and Data Use Agreement for additional requirements.) ☐ Yes ☐ No

5. Will you be using the data for litigation or in any way to take legal action based on your findings from the use of the data? ☐ Yes ☐ No

6. Will a 3rd party (Contractor/Subcontractor) be working with the data? ☐ Yes ☐ No

If Yes, please provide the following information:

Name of 3rd Party: _____ Title _____

Organization: _____

Street Address: _____

City, State, Zip: _____

Telephone: _____ Fax: _____

E-Mail: _____

If more than one third party will be involved, please attach information on separate sheet.

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TYPE OF REQUEST (Standard OR Custom) :

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☐ AMBULATORY PROCEDURES DATA

Check the type(s) of data to be provided

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☐ Revenue Code Detail Data Set

☐ CABG Surgery Data Set

☐ Financial Data Set

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☐ AMBULATORY PROCEDURES DATA

Type of Customization:

☐ Custom Data Set

☐ Custom Report

Customized Data Set/Report Output Specifications:

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Check type of Customized Output Format (Custom Requests only):

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☐ MS EXCEL (.xls) Specify version: _____

☐ ASCII (.txt) Check one type below:

☐ DBASE (.dbf) Specify version: _____

_____ FLAT TEXT

☐ SAS (.sd2, .sas7bdat) Specify version _____

_____ COMMA DELIMITED

☐ OTHER: _____

Contact Data Requests staff for feasibility and approval.

DEFINE THE SCOPE OF THE REQUEST:

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Examples:

1. All discharges of patients from NJ hospitalized in PA.
2. Inpatient discharges with DRGs 103 & 127 from Tioga and Potter Counties.

Year(s) of data requested: _____

Scope:

.....

Circumstance	Percentage of respondents who believe that the use of force is justified in the circumstance
Self-defense	100
Protection of others	100
Protection of property	95
Protection of the community	90
Protection of the environment	85
Protection of the economy	80
Protection of the culture	75
Protection of the society	70
Protection of the nation	65
Protection of the world	60
Protection of the universe	55
Protection of the multiverse	50
Protection of the omniverse	45
Protection of the universe	40
Protection of the multiverse	35
Protection of the omniverse	30
Protection of the universe	25
Protection of the multiverse	20
Protection of the omniverse	15
Protection of the universe	10
Protection of the multiverse	5
Protection of the omniverse	0

1. *Journal of the American Medical Association*, 1997; 277: 1001-1005.

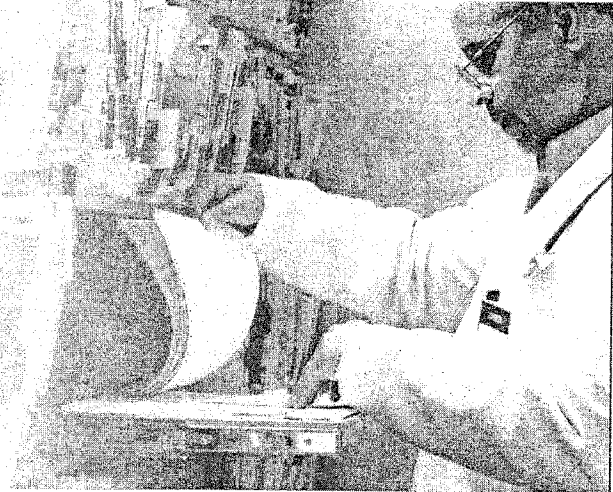
If data are to be used for research purposes, attach a copy of your study protocol

...and a copy of your study protocol.

EXHIBIT “11”

MILLIMAN

Hospital Efficiency Index™



The Hospital Efficiency Index™ (HEI) is an invaluable consulting resource for strategic decision makers in the health care industry. These include decision makers at provider, managed care and privately insured organizations.

A MILLIMAN GLOBAL FIRM

**Milliman** USA*Consultants and Actuaries*

MILLIMAN

Hospital Efficiency Index™

- I. INTRODUCTION/OTHER MEASURES
- II. HOSPITAL EFFICIENCY INDEX USES
- III. ANALYSIS BROWSER
- IV. ANALYSIS BROWSER-QUERY VIEWER
- V. MOST EFFICIENT PRACTICE
- VI. PRINTED REPORTS AVAILABLE
- VII. CONTACT INFORMATION

MILLIMAN

Hospital Efficiency Index™**INTRODUCTION**

The Hospital Efficiency Index™ (HEI) is an invaluable consulting resource for strategic decision makers in the health care industry. These include decision makers at provider, managed care and privately insured organizations.

The HEI represents statistical/actuarial methodologies for analyzing hospital inpatient admissions, length of stay (LOS) and days, as compared to benchmark most efficient practice, in order to estimate potentially avoidable admissions and days. The primary objective of the HEI is to compare any set of given inpatient hospital experience to the equivalent case-mix/severity adjusted most efficient practice found anywhere in the US. The results are all indexed to this common benchmark (most efficient practice) to determine potentially avoidable days and admissions and to readily allow direct comparisons on a consistent basis.

The Hospital Efficiency Index is available in two formats: 1) the Analysis Browser or 2) Hard Copy Reports. In addition, customized data analysis can be performed on any carrier or facility data.

Separate Hospital Efficiency models are developed for Medicare inpatient care (Medpar data based on UB-92 information) and Commercial (HMO, PPO, indemnity) and Medicaid admissions using public data from 17 states.

OTHER MEASURES**Severity Ratio**

Using the severity definitions defined by 3M in their development of APR-DRGs*, the Severity Ratio Index measures the level of complications and comorbidities of admissions in a given hospital—the higher the Index the more complex the admissions treated by the hospital, relative to the other hospitals with the same 3M APR-DRG* mix.

Relative Case-Mix Ratio

The Relative Case-Mix Ratio represents the relative weighted average case-mix using the most efficient practice expected LOS as the weights. The Ratio is relative to all admissions within the given category being shown (admission type or specialty, etc.). Those hospitals with a higher Ratio have a higher expected resource consumption per admission compared to the average hospital.

*All Copyrights in and to APR-DRGs are owned by 3M. All rights reserved.

MILLIMAN

Hospital Efficiency Index™**HOSPITAL EFFICIENCY INDEX™ USES**

For providers, the HEI can be applied in the following areas:

- Risk or Capitation Evaluation
- Cost Cutting/Reengineering Focus
- Long-Term Strategic Planning
- Profitability of Medicare DRGs
- Acquisition/Integration/Consolidation
- Identification of Most Efficient Practice Facilities
- Determination of Reasons Why Days are Potentially Avoidable

For risk takers and carriers, the HEI can be used for:

- Selection/Evaluation/Integration of Networks
- Determination of Hospital Efficiency Adjusted Charge or Reimbursement Levels
- Development of New Reimbursement Structures
- UR Focus
- Negotiation of Contracts
- Avoiding Managed Care Backlash
- Determination of Reasons Why Days are Potentially Avoidable
- Identification of Benchmarks by DRG or Specialty
- Identification of Most Efficient Practice Facilities